

ASSISTANT SECRETARY OF DEFENSE 4000 DEFENSE PENTAGON WASHINGTON, DC 20301-4000



0 3 JUL 2002

The Honorable Bob Stump Chairman, Committee on Armed Services House of Representatives Washington, DC 20515-6035

Dear Mr. Chairman,

Title 37, United States Code, Section 323(b)(2) requires that the Department of Defense notify Congress of its intent to pay Critical Skills Retention Bonuses (CSRB) to selected military personnel and of each military skill to be designated critical. This letter serves as that required notification.

A specialty designated as a critical military specialty is essential to the accomplishment of a military mission, has personnel shortages (aggregate or at certain skill levels) that negatively affect successful accomplishment of the mission, and has a high training investment or replacement costs. The following Department of Defense career fields are designated as critical effective 90 days following this notification:

- Anesthesiology
- Gastroenterology
- Neurosurgery
- Otolaryngology
- Surgical Specialist Category 1
- Certified Registered Nurse Anesthetists
- Dermatology
- General Surgery
- Orthopedic Surgery
- Radiology
- All Dentists
- Operating Room Nurses

The use of the Critical Skills Retention Bonus will greatly enhance the Department's ability to retain these highly trained, experienced medical personnel for continued service. Attached are 13 information papers that detail the necessity for the bonus for these critical skills and the retention results that the bonus is expected to achieve.

I am sending a similar letter to the Speaker of the House of Representatives, the President of the Senate, and to the Chairmen and Ranking members of the House and Senate Armed Services Committees.

Thank you for your continued interest in the Military Health System.

Sincerely,

Enclosure: As stated

cc:

Representative Skelton



INFORMATION PAPER - ANESTHESIOLOGISTS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained anesthesiologists who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short 71 as of the end of FY 01, with projections to be short 92 by end of FY 03. Such shortages translate to fill rates of 80% and 75% respectively.

Discussion:

- Shortfalls in anesthesiology are driven by a number of factors:
 - 1. Decreased number of anesthesiologists trained due to projection of a nationwide surplus of anesthesiologists 1997-1999.
 - 2. Pay gap of \$112K-\$140K in salary at the first career decision point.
 - 3. Ability to directly access fully trained anesthesiologists from the civilian sector is practically non-existent.
 - 4. Insufficient number of anesthesiologists pursuing retention bonuses, despite bonus at the maximum allowed by law.
 - 5. Large numbers of anesthesiologists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for anesthesiologists is intended to improve retention of physicians who have completed a four year residency in anesthesia and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$50K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for an anesthesiologist is \$160K. The average replacement cost of an anesthesiologist with two years clinical experience is \$360K and six years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to anesthesiologists in FY 02 at a cost of \$13.8M.

Summary: Awarding the CSRB to anesthesiologists with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - DERMATOLOGISTS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained dermatologists who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short 16 as of the end of FY 01, with projections to be short 11 by end of FY 03. Such shortages translate to fill rates of 87% and 92% respectively.

Discussion:

- Shortfalls in dermatology are driven by a number of factors:
 - 1. Pay gap of \$91K-\$100K in salary at the first career decision point.
 - 2. Ability to directly access fully trained dermatologists from the civilian sector is practically non-existent.
 - 3. Insufficient number of dermatologists pursuing retention bonuses at current rate offered.
 - 4. Large numbers of dermatologists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for dermatologists is intended to improve retention of physicians who have completed a three year residency in dermatology and have at least two years of clinical practice experience, continue to maintain a current valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year beyond their current obligation to fill a valid billet. It is intended to reduce the rate at which this specialty loses specialists at the first stay-leave decision point, and is not offered to those who are eligible for multiyear special pay.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$10K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for a dermatologist is \$160K. The average replacement cost of a dermatologist with two years clinical experience is \$360K and six years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to dermatologists in FY 02 and at a cost of \$590K.

Summary: Awarding the CSRB to dermatologists with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - GASTROENTEROLOGY

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained gastroenterologists who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short seven as of the end of FY 01, with projections to be short 14 by end of FY 03. Such shortages translate to fill rates of 92% and 84% respectively.

Discussion:

- Shortfalls in gastroenterology are driven by a number of factors:
 - 1. Pay gap of \$70K- \$109K in salary at the first career decision point.
 - 2. Ability to directly access fully trained gastroenterologists from the civilian sector is practically non-existent.
 - 3. Insufficient number of gastroenterologists pursuing retention bonuses.
 - 4. Large numbers of gastroenterologists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for gastroenterologists is intended to improve retention of physicians who have completed a three year fellowship in gastroenterology and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$20K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for a gastroenterologist is \$240K. The average replacement cost of a gastroenterologist with two years clinical experience is \$440K and eight years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to gastroenterologists in FY 02 at a cost of \$1.6M.

Summary: Awarding the CSRB to gastroenterologists with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - GENERAL SURGEONS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained general surgeons who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short 79 as of the end of FY 01, with projections to be short 37 by end of FY 03. Such shortages translate to fill rates of 84% and 93% respectively. General surgery is a feeder specialty to the surgical subspecialties. Difficulties in manning of general surgery impact heavily on DoD graduate medical education programs designed to maintain sufficient numbers of specialists.

Discussion:

- Shortfalls in general surgery are driven by a number of factors:
 - 1. Pay gap of \$65K-\$116K in salary at the first career decision point.
 - 2. Ability to directly access fully trained general surgeons from the civilian sector is practically non-existent.
 - 3. Insufficient number of general surgeons pursuing retention bonuses, despite bonus at the maximum allowed by law.
 - 4. Large numbers of general surgeons leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for general surgeons is intended to improve retention of physicians who have completed a five year residency in general surgery and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty one more year by executing a CSRB contract. A bonus of \$30K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for a general surgeon is \$200K. The average replacement cost of a general surgeon with two years clinical experience is \$400K and seven years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to general surgeons in FY 02 at a cost of \$12.6M.

Summary: Awarding the CSRB to general surgeons with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - NEUROSURGEONS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained neurosurgeons who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short six as of the end of FY 01, with projections to be short seven by end of FY 03. Such shortages translate to fill rates of 88% and 86% respectively.

Discussion:

- Shortfalls in neurosurgery are driven by a number of factors:
 - 1. Pay gap of more than \$243K in salary at the first career decision point.
 - 2. Ability to directly access fully trained neurosurgeons from the civilian sector is practically non-existent.
 - 3. Insufficient number of neurosurgeons pursuing retention bonuses, despite bonus at the maximum allowed by law.
 - 4. Large numbers of neurosurgeons leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for neurosurgeons is intended to improve retention of physicians who have completed a seven year residency in neurosurgery and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$25K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for a neurosurgeon is \$280K. The average replacement cost of a neurosurgeon with two years clinical experience is \$480K and nine years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to neurosurgeons in FY 02 at a cost of \$1.05M.

Summary: Awarding the CSRB to neurosurgeons with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - ORTHOPEDIC SURGEONS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained orthopedic surgeons who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short 69 as of the end of FY 01, with projections to be short 55 by end of FY 03. Such shortages translate to fill rates of 83% and 87% respectively.

Discussion:

- Shortfalls in orthopedic surgery are driven by a number of factors:
 - 1. Pay gap of \$128K-\$171K in salary at the first career decision point.
 - 2. Ability to directly access fully trained orthopedic surgeons from the civilian sector is practically non-existent.
 - 3. Insufficient number of orthopedic surgeons pursuing retention bonuses, despite bonus at the maximum allowed by law.
 - 4. Large numbers of orthopedic surgeons leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for orthopedic surgeons is intended to improve retention of physicians who have completed a four year residency in orthopedic surgery and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$30K will be offered.
- The average commissioning cost is \$200K per officer. The average training cost for an orthopedic surgeon is \$160K. The average replacement cost of an orthopedic surgeon with two years clinical experience is \$360K and six years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to orthopedic surgeons in FY 02 at a cost of \$10.4M.

Summary: Awarding the CSRB to orthopedic surgeons with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - OTOLARYNGOLOGISTS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained otolaryngologists who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short 24 as of the end of FY 01, with projections to be short 29 by end of FY 03. Such shortages translate to fill rates of 85% and 81% respectively.

Discussion:

- Shortfalls in otolaryngology are driven by a number of factors:
 - 1. Pay gap of \$55K-123K in salary at the first career decision point.
 - 2. Ability to directly access fully trained otolaryngologists from the civilian sector is practically non-existent.
 - 3. Insufficient number of otolaryngologists pursuing retention bonuses.
 - 4. Large numbers of otolaryngologists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for otolaryngologists is intended to improve retention of physicians who have completed a four year residency in otolaryngology and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year beyond their current obligation to fill a valid billet. It is intended to reduce the rate at which this specialty loses specialists at the first stay-leave decision point, and is not offered to those who are eligible for multiyear special pay.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$10K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for an otolaryngologist is \$160K. The average replacement cost of an otolaryngologist with two years clinical experience is \$360K and six years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to otolaryngologists in FY 02 at a cost of \$660K.

Summary: Awarding the CSRB to otolaryngologists with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - RADIOLOGISTS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained radiologists who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short 87 as of the end of FY 01, with projections to be short 133 by end of FY 03. Such shortages translate to fill rates of 81% and 71% respectively.

Discussion:

- Shortfalls in radiology are driven by a number of factors:
 - 1. Decreased number of radiologists trained due to projection of a nationwide surplus of radiologists 1997-1999.
 - 2. Pay gap of \$117K-\$181K in salary at the first career decision point.
 - 3. Ability to directly access fully trained radiologists from the civilian sector is practically non-existent.
 - 4. Insufficient number of radiologists pursuing retention bonuses, despite bonus at the maximum allowed by law.
 - 5. Large numbers of radiologists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for radiologists is intended to improve retention of physicians who have completed a four year residency in radiology and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$50K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for a radiologist is \$160K. The average replacement cost of a radiologist with two years clinical experience is \$360K and six years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to radiologists in FY 02 at a cost of \$18.95M.

Summary: Awarding the CSRB to radiologists with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER – CARDIOLOGISTS (representative of physician subspecialty category I)

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained cardiologists who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently short one as of the end of FY 01, with projections to be short eight by end of FY 03. Such shortages translate to fill rates of 99% and 93% respectively.

Discussion:

- Shortfalls in cardiology are driven by a number of factors:
 - 1. Pay gap of \$100K-\$165K in salary at the first career decision point.
 - 2. Ability to directly access fully trained cardiologists from the civilian sector is practically non-existent.
 - 3. Insufficient number of cardiologists pursuing retention bonuses, despite bonus at the maximum allowed by law.
 - 4. Large numbers of cardiologists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for cardiology is intended to improve retention of physicians who have completed
 a three year fellowship in cardiology (after having completed a three year internal medicine
 residency) and have at least two years of clinical practice experience, continue to maintain a
 current, valid, unrestricted license or approved waiver and agree to remain on active duty for
 at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$20K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for a cardiologist is \$240K. The average replacement cost of a cardiologist with two years clinical experience is \$440K and eight to ten years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to cardiologists in FY 02 at a cost of \$2.38M.

Summary: Awarding the CSRB to cardiologists with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - PLASTIC SURGEONS (representative of physician subspecialty category I)

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained plastic surgeons who have at least two years clinical practice experience after completing residency training, and at least three years commissioned service as a physician. Department of Defense is currently full as of the end of FY 01, with projections to be short four by end of FY 03. Such shortages translate to fill rates of 136% and 88% respectively. With only 30 authorizations, plastic surgery is an example of why this subspecialty category may appear stable, but is subject to rapid decline with only a few losses. The DoD inventory was over strength at the end of FY 01, but projects enough members leaving in FY 02 to leave the Department 12% short.

Discussion:

- Shortfalls in plastic surgery are driven by a number of factors:
 - 1. Pay gap of \$85K-\$213K in salary at the first career decision point.
 - 2. Ability to directly access fully trained plastic surgeons from the civilian sector is practically non-existent.
 - 3. Insufficient number of plastic surgeons pursuing retention bonuses, despite bonus at the maximum allowed by law.
 - 4. Large numbers of plastic surgeons leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for plastic surgeons is intended to improve retention of physicians who have completed a two year residency in plastic surgery (after having completed a five year general surgery residency) and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license or approved waiver and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Physicians agree to remain on active duty for one more year by executing a CSRB contract. A bonus of \$20K will be offered.
- The average commissioning cost is \$200K per physician. The average training cost for a plastic surgeon is \$280K. The average replacement cost of a plastic surgeon with two years clinical experience is \$480K and seven to nine years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to plastic surgeons in FY 02 at a cost of \$820K.

Summary: Awarding the CSRB to plastic surgeons with at least two years experience provides a low cost, high return investment in physicians with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - DENTISTS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained dentists who have at least three years clinical practice. Department of Defense is currently short 270 as of the end of FY 01, with projections to be short 322 by end of FY 03. Such shortages translate to fill rates of 92% and 91% respectively.

Discussion:

- Shortfalls in dentists are driven by a number of factors:
 - 1. Significant percentage of inventory which is retirement eligible.
 - 2. Pay gap of \$70K-\$100K in salary at the first career decision point.
 - 3. Ability to directly access fully trained dentists from the civilian sector is practically non-existent.
 - 4. Insufficient number of dentists pursuing retention bonuses.
 - 5. Large numbers of dentists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for dentists is intended to improve retention of dentists, many of whom have completed a three year residency in advanced dentistry and have at least three years of clinical practice experience, continue to maintain a current, valid, unrestricted license and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Dentists agree to remain on active duty for one more year by executing a CSRB. A bonus of \$12K will be offered.
- The average commissioning cost is \$200K per dentist. The average training cost for advanced dental training is \$120K. The average replacement cost of a dentist with advanced dental training and two years clinical experience is \$320K and five years of military dental experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to dentists in FY 02 at a cost of \$25.5M.

Summary: Awarding the CSRB to dentists with at least three years experience provides a low cost, high return investment in dentists with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - CERTIFIED REGISTERED NURSE ANESTHETISTS

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained Certified Registered Nurse Anesthetists (CRNA) who have at least two years clinical practice experience after completing CRNA training. Department of Defense is currently short eight as of the end of FY 01, with projections to be short three by end of FY 03. Such shortages translate to fill rates of 98.5% and 99.5% respectively. CRNAs are an example of an impending crisis, and of the value of physician extenders. There is a critical shortage of nurses in the United States, expected to increase in magnitude as the population ages and women choose other professions such as physician vs. nurse. The present shortage of anesthesiologists (physicians) has increased the importance of and reliance on CRNAs to supplement the surgical team.

Discussion:

- Shortfalls in CRNAs are driven by a number of factors:
 - 1. An increasing opportunity exists in the civilian sector for bonuses and other incentives that creates competition with the DoD compensation package.
 - 2. Ability to directly access fully trained CRNAs from the civilian sector is practically non-existent.
 - 3. Insufficient number of CRNAs pursuing retention bonuses.
 - 4. Large numbers of anesthesiologists leaving the military to pursue more lucrative civilian employment opportunities.
- The CSRB for CRNAs is intended to improve retention of nurses who have completed CRNA training and have at least two years of clinical practice experience, continue to maintain a current, valid, unrestricted license and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: CRNAs agree to remain on active duty for one more year by executing a CSRB contract. \$10K will be offered.
- The average commissioning cost is \$155K per nurse. The average training cost for a CRNA is \$120K. The average replacement cost of a CRNA with two years clinical experience is \$275K and six to ten years of military medical experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to CRNAs in FY 02 at a cost of \$5.7M.

Summary: Awarding the CSRB to CRNAs with at least two years experience provides a low cost, high return investment in nurses with vital clinical skills which cannot be easily replaced.

INFORMATION PAPER - OPERATING ROOM NURSES

Background: The Critical Skills Retention Bonus (CSRB) will be targeted to fully trained operating room nurses who have at least two years experience after completing training. Department of Defense is currently short 66 as of the end of FY 01. This translates to a fill rate of 93%.

Discussion:

- Shortfalls in operating room nurses are driven by a number of factors:
 - 1. An increasing opportunity exists in the civilian sector for bonuses and other incentives that creates competition with the DoD compensation package.
 - 2. Ability to directly access fully trained operating room nurses from the civilian sector has declined rapidly in the past two years, with no signs of improvement in the near term.
 - 3. Absence of a retention bonus for operating room nurses.
 - 4. Large numbers of operating room nurses leaving the military to pursue civilian employment opportunities.
 - 5. Anticipated nationwide shortage of nurses.
- The CSRB for operating room nurses is intended to improve retention of operating room nurses who have completed operating room training and have at least two years of experience, continue to maintain a current, valid, unrestricted license and agree to remain on active duty for at least one additional year to fill a valid billet.
- Payment: Operating room nurses agree to remain on active duty for at least one more year by executing a CSRB contract. A bonus of \$8K will be offered.
- The average commissioning cost is \$155K per officer. The average training cost for an operating room nurse is \$60K. The average replacement cost of an operating room nurse with two years clinical experience is \$215K and six years of military nursing experience.
- DoD projects an 80% take rate.
- DoD plans to award CSRB to operating room nurses in FY 02 at a cost of \$6.3M.

Summary: Awarding the CSRB to operating room nurses with at least two years experience provides a low cost, high return investment in nurses with vital clinical skills which cannot be easily replaced.